

## Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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O R 261617Z JAN 77  
FM AMEMBASSY PARIS  
TO AMEMBASSY ROME IMMEDIATE  
INFO SECSTATE WASHDC 9168  
AMEMBASSY LONDON  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
USMISSION NATO  
USMISSION EC BRUSSELS  
AMEMBASSY TOKYO

S E C R E T SECTION 01 OF 02 PARIS 02556

EXDIS

FOR VICE PRESIDENT MONDALE

E.O. 11652: GDS  
TAGS: OVIP (MONDALE, WALTER F.) BE GW WB IT UK  
FR NATO EC  
SUBJECT: PRE-ARRIVAL SNAPSHOT OF THE FRENCH SITUATION

1. THE FOLLOWING IS AN OVERVIEW OF THE ATMOSPHERE HERE  
ON THE EVE OF YOUR VISIT TO PARIS AND YOUR CONVERSATION  
WITH GISCARD D'ESTAING.

2. IMPRESSION OF THE EUROPEAN TOUR SO FAR -- REPORTS OF  
YOUR VISITS TO OTHER CAPITALS TO DATE HAVE HIT THE RIGHT  
NOTE AS FAR AS THE FRENCH ARE CONCERNED. THEY APPRECI-  
ATE THE PLEDGE OF AMERICA'S CONTINUED COMMITMENT, WITH  
THE NUANCE IN STYLE THAT EMPHASIZES CONSULTATIONS AND  
COLLECTIVE LEADERSHIP.

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3. AREAS OF SENSITIVITY: NUCLEAR TESTING AND ARMS  
SALES --

A. THE FRENCH HAVE TAKEN NOTE OF TWO SUBJECTS  
THAT HAVE ALREADY BEEN RAISED IN PUBLIC BY THE NEW  
ADMINISTRATION: THE PROPOSAL FOR A COMPLETE PROHIBITION  
ON NUCLEAR TESTS, AND US DETERMINATION TO LIMIT CONVEN-

TIONAL ARMS SALES. WHILE THEY AGREE WITH BOTH OF THESE CONCEPTS IN PRINCIPLE, THE FRENCH SEE DELICATE PRAGMATIC PROBLEMS IN MOVING AHEAD IN BOTH AREAS AT THIS TIME.

B. ON TESTING, THE POLITICAL LEADERSHIP IS PERSUADED THAT FRANCE HAS SOME WAY TO GO BEFORE ITS WEAPONS CAPABILITIES ARE ON A TECHNICAL PAR WITH THE US AND SOVIET UNION. SECONDLY, THE INDEPENDENCE OF FRANCE'S STRATEGIC FORCES IS AN INTERNAL POLITICAL SACRED COW, AND THE GOF CANNOT ALLOW ITSELF TO BE PERCEIVED AS FOLLOWING A SUPERPOWER DIRECTIVE. THEREFORE, LIKE YOUNG ST. AUGUSTINE, THEY WILL PRAY: "OH LORD, MAKE ME CHASTE BUT NOT YET."

C. ON CONVENTIONAL ARMS SALES, FRANCE IS THE FREE WORLD'S BIGGEST EXPORTER AFTER THE US. EXPORTS ARE CRUCIAL TO MINIMIZE UNIT COSTS FOR FRANCE'S OWN ARMAMENTS PROGRAM, AND TO MAINTAIN SEVERAL HUNDRED THOUSAND JOBS. THE DOMESTIC POLITICAL SENSITIVITY, ESPECIALLY DURING TODAY'S ECONOMIC CRISIS, IS CLEAR.

D. WHAT ALL THIS ADDS UP TO IS THE LIKELIHOOD THAT GISCARD MAY SUGGEST THAT WE WORK TOGETHER QUIETLY TO DETERMINE THE BEST WAY TO PROCEED SO AS TO MINIMIZE NEGATIVE INTERNAL POLITICAL FALLOUT AND IMPROVE CHANCES FOR EVENTUAL SUCCESS. THIS WOULD APPEAR TO BE IN OUR INTEREST BECAUSE NO TEST BAN OR ARMS SALES LIMITATION PROPOSAL CAN BE TOTALLY SUCCESSFUL WITHOUT FRENCH PARTICIPATION.

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E. IN THIS GENERAL AREA, GISCARD WILL ALSO UNDOUBTEDLY BE INTERESTED IN THE RESULTS OF YOUR DISCUSSIONS WITH SCHMIDT ABOUT THE GERMAN-BRAZILIAN NUCLEAR REPROCESSING CONTRACT WHICH HAS A STRONG PSYCHOLOGICAL RELATIONSHIP TO THE FRENCH-PAKISTAN DEAL.

4. ELECTION FEVER -- THE FOREGOING PARAGRAPH MUST BE SEEN AGAINST THE BACKGROUND OF SUSTAINED ELECTIONITIS WHICH WILL KEEP FRENCH POLITICS HIGHLY AGITATED FOR THE ENTIRE YEAR. DEEPLY POLITICIZED MUNICIPAL ELECTIONS THIS MARCH WILL SET THE STAGE FOR CRUCIAL LEGISLATIVE ELECTIONS IN 1978. IF GISCARD DID NOT HAVE ENOUGH TO WORRY ABOUT WITH THE STEADY RISE IN VOTER SUPPORT FOR THE SOCIALIST-COMMUNIST COALITION, HIS LEADERSHIP IS NOW BEING CHALLENGED ON HIS RIGHT BY GAULLIST LEADER AND FORMER PRIME MINISTER JACQUES CHIRAC. THE KEY CONCLUSIONS TO RETAIN ABOUT ALL THIS AGITATION ARE THE FOLLOWING:

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FM AMEMBASSY PARIS  
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A. EVERYTHING INVOLVING THE CHIEF OF STATE HERE,  
INCLUDING HIGH-LEVEL FOREIGN VISITS AND CONFERENCES,  
NECESSARILY HAS AN IMPACT ON INTERNAL POLITICS.

B. ALTHOUGH GISCARD IS GOING THROUGH A DIFFICULT  
PERIOD POLITICALLY, WITH LOW PUBLIC OPINION POLLS AND  
AN IMAGE OF INADEQUATE LEADERSHIP, THE AUTHORITY OF THE  
GOVERNMENT CONTINUES WITHOUT SERIOUS CHALLENGE, AND THE  
AFFAIRS OF STATE TICK ALONG WITH COMPARATIVE EFFICIENCY.

C. AS PARTIAL COMPENSATION FOR CURRENT INTERNAL  
SETBACKS, GISCARD CAN EXPLOIT FOREIGN POLICY SUCCESSES  
TO HIS POLITICAL ADVANTAGE.

5. GOOD ECONOMICS MAKE THE BEST POLITICS --

A. IN THE FINAL ANALYSIS, THE CRUCIAL FACTOR IN  
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THE PERSPECTIVE OF A TIGHT POLITICAL RACE WILL BE FRANCE'S ECONOMIC PERFORMANCE BETWEEN NOW AND EARLY 1978. THIS IS WHY GISCARD'S SEVEN-YEAR PLAN TO REFORM FRENCH INSTITUTIONS DURING HIS PRESIDENCY HAS BEEN SUBORDINATED TO THE CURRENT ECONOMIC STABILIZATION EFFORT. ORCHESTRATED BY THE FORCEFUL AND INCREASINGLY EFFECTIVE PRIME MINISTER RAYMOND BARRE, THE PROGRAM IS NOW IN STAGE TWO, HIGHLIGHTED BY MONETARY, WAGE, FISCAL AND PRICE RESTRAINTS, DESIGNED TO LOWER INFLATION FROM DOUBLE-DIGIT LEVELS IN 1976 TO A TARGET OF 6.5 PERCENT BY THE END OF 1977. THE LATEST MONTHLY PRICE STATISTICS ARE ENCOURAGING, AND WE BELIEVE THAT IF INFLATION AVERAGES NO MORE THAN 8.5 PERCENT IN 1977, BARRE'S PLAN WILL HAVE BEEN A SUCCESS. THE EMBASSY'S MOST RECENT ANALYSIS INDICATED THAT THE PROGRAM IS BEGINNING TO SHOW SIGNS OF SUCCESS, AND THAT BUSINESS CONFIDENCE IN FRANCE IS BEGINNING TO PERK UP.

B. WHEN YOU ARRIVE, YOU MAY NOTICE THE EFFECTS OF ROLLING STRIKES TAKING PLACE THIS WEEK IN THE PUBLIC SECTOR (GAS, ELECTRICITY, TRANSPORTATION, MAIL, TEACHERS) IN PROTEST AGAINST WAGE RESTRAINTS. WE CONSIDER THESE TO BE ESSENTIALLY SYMBOLIC BECAUSE THE MASS OF WORKERS ARE UNLIKELY TO GO OUT ON EXTENDED STRIKES DURING THIS PERIOD OF HEAVY UNEMPLOYMENT, AND THE UNIONS DO NOT WANT TO HURT THE LEFT'S CHANCES OF ELECTORAL VICTORY BY CAUSING DISORDER AND A CONSERVATIVE BACKLASH. WAGE RESTRAINTS ARE ALSO COMPARATIVELY MILD, WITH THE GOVERNMENT ASKING THAT REAL INCOME REMAIN WHERE IT IS AS OPPOSED TO THE CUTS TAKEN BY BRITISH, GERMAN AND AMERICAN WORKERS.

C. FRANCE'S ECONOMIC SITUATION IS NOT AS HEALTHY AS GERMANY'S, BUT IS IN FAR BETTER SHAPE THAN ITALY'S AND THE UK'S. ECONOMIC PROBLEMS ARE SUFFICIENTLY WORRISOME, HOWEVER, FOR GISCARD AND HIS TOP ASSOCIATES TO  
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CONCENTRATE MOST OF THEIR EFFORTS ON FINDING SOLUTIONS. THESE NECESSARILY INVOLVE INTENSIVE COLLABORATION WITH THE OTHER INDUSTRIALIZED DEMOCRACIES BECAUSE FRANCE ACKNOWLEDGES ITS INTERDEPENDENCE, A DIFFICULT POSTURE FOR A GOVERNMENT WITH A STRONG GAULLIST HERITAGE. MUCH OF THE REASONING BEHIND GISCARD'S CALL FOR AN ECONOMIC SUMMIT IS BASED ON THE NEED TO DEMONSTRATE THAT FRANCE AND HER PARTNERS ARE NOT HELPLESS BEFORE SUPRANATIONAL ECONOMIC FORCES.

D. OUR RECOMMENDATION, THEREFORE, IS THAT THE CENTERPIECE OF YOUR VISIT BE OUR NEW ADMINISTRATION'S ECONOMIC AWARENESS, UNDERSCORED BY THE WILLINGNESS OF THE US TO CONCENTRATE IN THE SEARCH FOR AN ECONOMIC ORDER THAT WILL BE RELEVANT TO THE LAST QUARTER OF THE 20TH CENTURY.

6. CONCLUSION -- FRANCE CONTINUES TO BE HERSELF -- A MAVERICK, PROUD, SELECTIVELY INDEPENDENT, AND OBSESSED WITH THE NEED TO BE TREATED AS AN EQUAL IN DIRECT PROPORTION TO HER INCREASING REALIZATION THAT SHE IS CLEARLY LESS THAN EQUAL. IN THIS COMPLEX AND DELICATE CONTEXT, THE MORE WE GIVE GISCARD AN OPPORTUNITY TO BE HEARD AND TO BE AN EQUAL PARTNER IN WESTERN INITIATIVES, THE MORE WE CAN HOPE TO PERSUADE FRANCE TO MAKE AVAILABLE ITS NOT INCONSIDERABLE ASSETS IN SUPPORT OF OUR WORLDWIDE OBJECTIVES.  
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## Message Attributes

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